



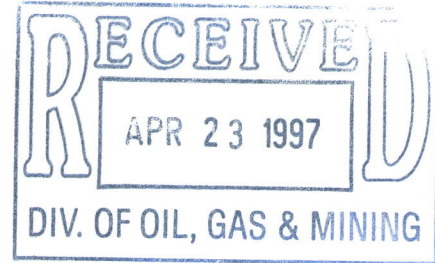
# State of Utah

*School and Institutional*  
TRUST LANDS ADMINISTRATION

Michael O. Leavitt  
Governor

David T. Terry  
Director

675 East 500 South, Suite 500  
Salt Lake City, Utah 84102-2818  
801-538-5100  
801-355-0922 (Fax)



April 21, 1997

Peacock Mining Company Inc.  
14761 W.C.R. #3  
Longmont, Colorado 80501

Attn: Kermit Bohrer, President

Re: Bonding Requirement, Notice to Commence Small Mining Operations, Metalliferous Minerals Lease ML-47374, Grand County, Utah, (DOGM # S/019/039).

Dear Mr. Bohrer:

The School and Institutional Trust Lands Administration is in receipt of the material sent by you on April 4, 1997, as well as copies of the material you sent to the Division on Oil, Gas and Mining on April 12, 1997, which further clarifies operations under your Notice of Intent to Commence Mining (NOI).

The amendment to your original NOI, reducing the total disturbed acreage to one (1) acres at any given time is hereby acknowledged. As mentioned in my letter of March 24, 1997, you will be required to post a reclamation bond in the amount of \$ 2,500.00 per each acre of disturbance before final approval to commence mining can be granted. The Administration rules require a surety bond be posted to insure reclamation of surface disturbances as well as compliance with all other lease terms.

Bonds may be accepted in any of the following forms:

- a) Surety bond with an approved corporate surety registered in the state of Utah.
- b) Cash deposit.
- c) Certificate of deposit in the name of the School and Institutional Trust Lands Administration and Lessee, with three signatures required, two signatures will be those of the Trust Lands Administration and one of the Lessee's. Two signatures will be required to collect on the certificate of deposit. The certificate of deposit must be issued by an approved state or federally insured banking institution registered in Utah. The certificate must have a maturity date no greater than 12 months, be automatically renewable and be deposited with the Trust Lands Administration.

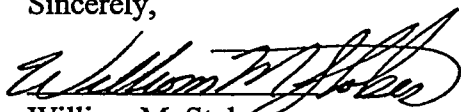
Mr. Jim Dykmann, the State archeologists of The State Historic Preservation Office, has advised the Trust Lands Administration that **no** cultural survey will be required prior to commencement of you planed operations.

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With satisfaction of all the other notice to commence mining requirements the Trust Lands Administration will grant final approval to commence mining upon receipt of the required reclamation bond.

If you have any questions please feel free to call.

Sincerely,

A handwritten signature in dark ink, appearing to read "William M. Stokes", written over a horizontal line.

William M. Stokes  
Minerals Resource Specialist